

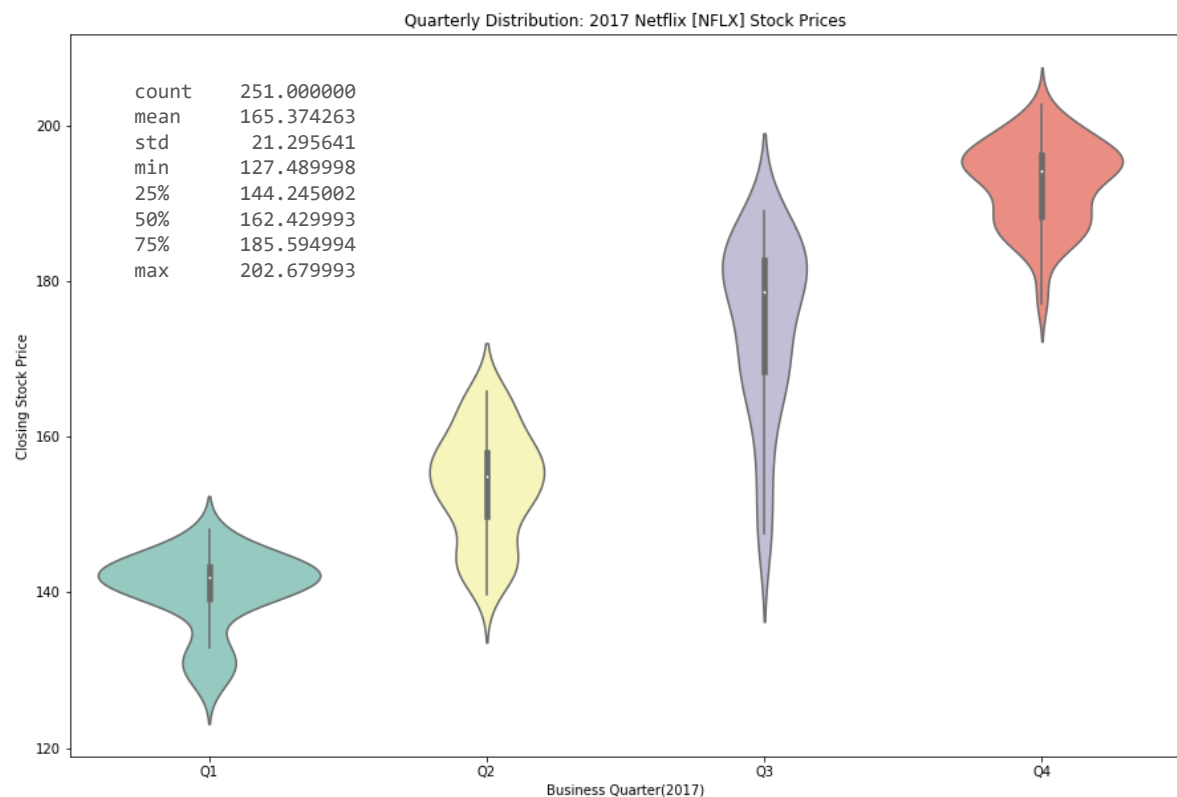
NETFLIX

NETFLIX **[NFLX]** STOCK ANALYSIS

EXECUTIVE SUMMARY

- Distribution of the stock prices for Netflix in 2017
- Summary of Netflix stock and revenue for the past four quarters
- Summary of Netflix revenue versus actual earnings per share (EPS)
- Netflix 2017 stock performance against the Dow Jones Industrial (market index)

Data analysis, conclusions and visualizations generated by **Joseph Ashizawa**. Data visualizations are designed to engage further discussion regarding the performance of NETFLIX [ticker: NFLX] against the broader market, accuracy of earnings forecasts, potential risk factors and possible earnings efficiency improvements.

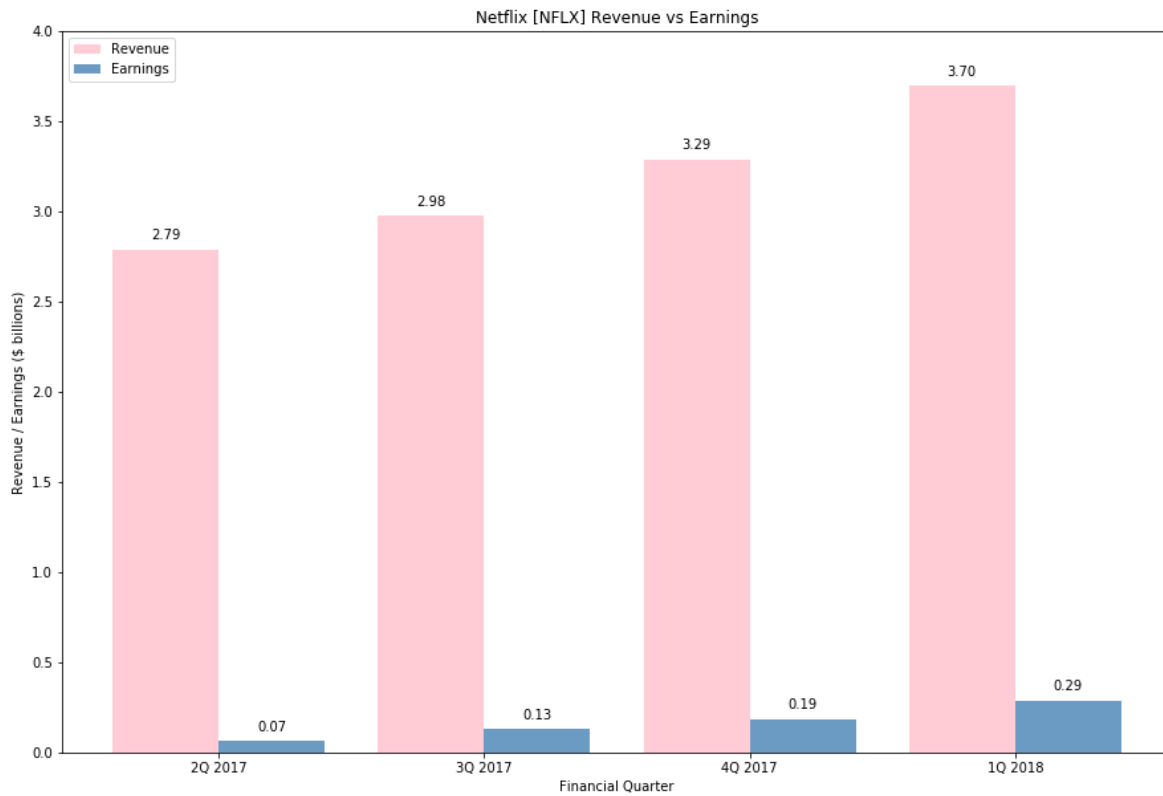


STOCK PRICE DISTRIBUTION BY QUARTER

Netflix performance over the course of 2017 was remarkably positive with a stock performance peaking in Q4 at \$ 202.68 after a steady climb from a Q1 low of \$ 127.49.

Netflix average stock price grew by an impressive 37.2% from Q1 2017 to Q4 2017. Price volatility peaked in Q3 after a slight rise in Q2 which diverges from the rest of the market. This movement could indicate that a significant event took place during that period. It appears investor concerns on the current valuation Netflix and future earnings potential were influenced despite EPS estimates on target for Q2.

	count	mean	std	min	25%	50%	75%	max
Q1	62.0	140.309517	4.951144	127.489998	139.154998	141.889999	143.370003	148.059998
Q2	63.0	153.835556	7.052627	139.759995	149.750000	154.889999	158.025002	165.880005
Q3	63.0	174.400317	11.328460	146.169998	168.315002	178.550003	182.654999	189.080002
Q4	63.0	192.553810	5.431155	177.009995	188.344993	194.100006	196.125000	202.679993

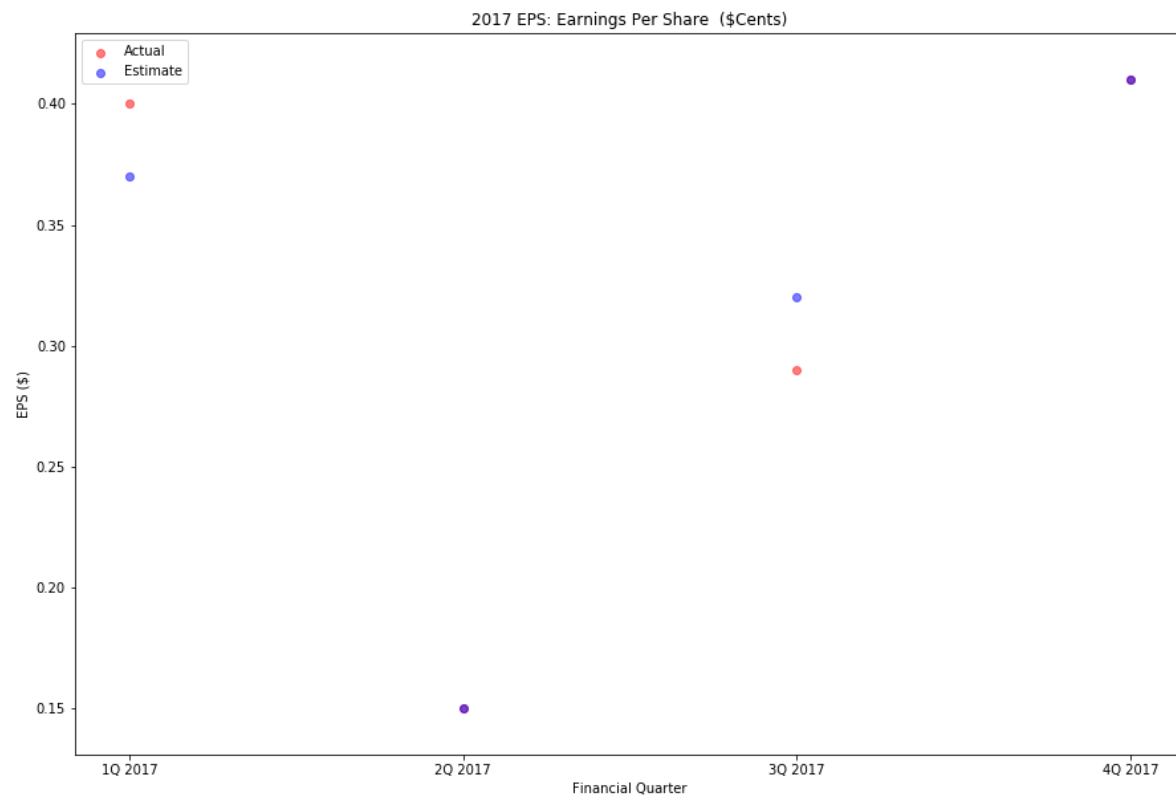


rev	earn	%
2.79	0.06560	2.35125
2.98	0.12959	4.34865
3.29	0.18552	5.63890
3.70	0.29012	7.84108

NETFLIX REVENUE VS EARNINGS

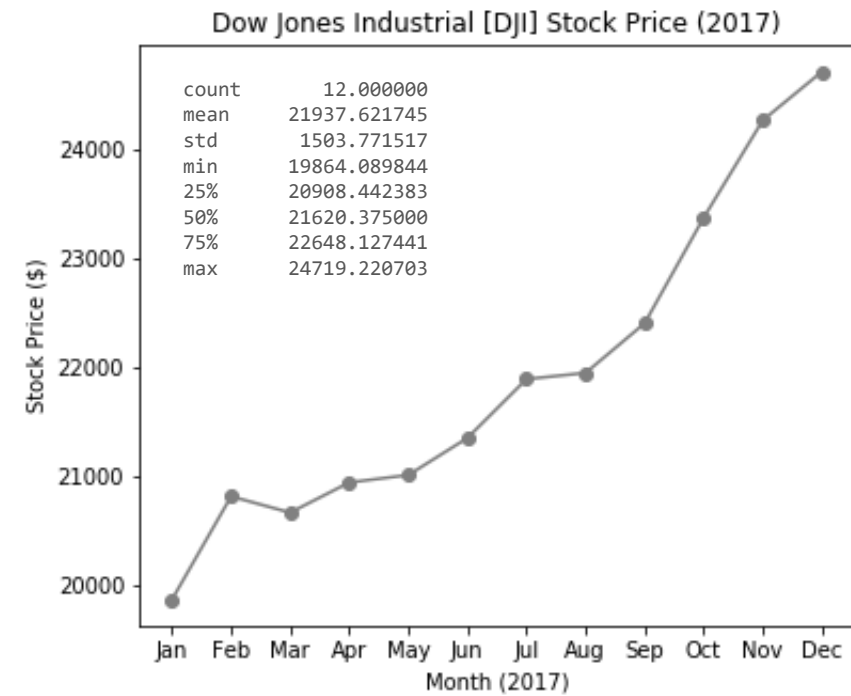
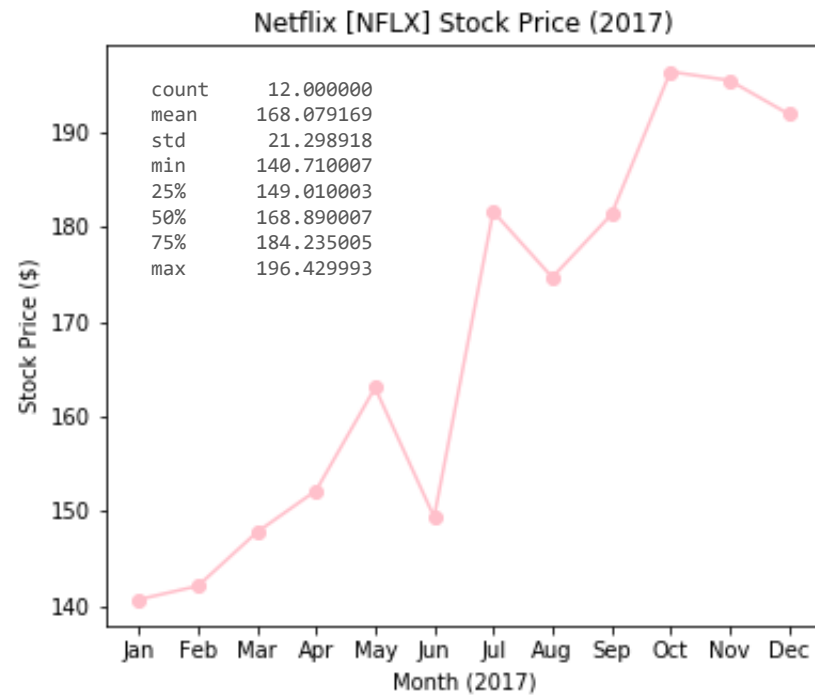
Netflix revenue climbed alongside their stock performance starting with \$2.79B in Q1 to a peak in Q4 of \$3.70B. Earnings also climbed from \$70M in Q1 to \$290M in Q4 more than quadrupling their earnings.

Earnings efficiency improved substantially over the four quarters in 2017 with earnings margins rising from 2.35% to 7.84%. This rise could imply that fixed costs are relatively stable and earnings will continue to rise alongside revenue if variable costs are kept under control and substantial capex expenses or long term liabilities are not on the horizon.



2017 EARNINGS PER SHARE (EPS)

Earnings per share (EPS) estimates were spot on in both Q2 and Q4 with actual earnings beating forecasts in Q1 and slightly underperforming forecasts in Q3. Overall earnings per share appear to be in line with analyst expectations. Q3 may be worth a closer look as under performance and the increased price volatility could indicate a significant strategic shift, an event (regulatory policy, legal event) or broader industry change (e.g. appearance of competitor).



36.42

NETFLIX [NFLX] & DOW JONES INDUSTRIAL [DJI] COMPARISON

Netflix [NFLX] returned a total of 36.42% over the 2017 period while the Dow Jones Industrial [DJI] returned 24.44% over the same period. Netflix outperformed the index by approximately 12%. Further evaluation of Netflix should involve calculating the price movement sensitivity (beta) against major indices to approximate drawdown risk.